

# **RHODE ISLAND COMMERCE CORPORATION**

## **MEETING OF DIRECTORS**

### **PUBLIC SESSION**

**November 21, 2016**

**The Board of Directors of the Rhode Island Commerce Corporation (the “Corporation”) met on November 21, 2016, in Public Session, beginning at 4:00 p.m. at the offices of the Corporation, located at 315 Iron Horse Way, Suite 101, Providence, Rhode Island 02908, pursuant to the public notice of meeting, a copy of which is attached hereto as Exhibit A, as required by applicable Rhode Island law.**

**The following Directors were present and participated throughout the meeting as indicated: Governor Gina M. Raimondo, Jason Kelly, Michael F. McNally, George Nee, Donna M. Sams, Vanessa Toledo-Vickers, Ronald O’Hanley, Mary Jo Kaplan, and Karl Wadensten.**

**Directors absent were: Bernard V. Buonanno III, Mary Lovejoy, Tim Herbert, and Dr. Nancy Carriuolo.**

**Also present were: Secretary of Commerce Stefan Pryor, Darin Early, Christine Smith, Lara Salamano, Daniel Sutton, Jesse Saglio, Jeremy Licht, Esq., Thomas Carlotto, Esq., and Christopher Fragomeni, Esq.**

## **1. CALL TO ORDER AND OPENING REMARKS**

**Governor Raimondo called the meeting to order at 4:05 p.m., indicating that a quorum was present.**

## **2. TO CONSIDER FOR APPROVAL THE PUBLIC SESSION MINUTES FOR THE MEETING HELD ON OCTOBER 24, 2016.**

**Upon motion duly made by Mr. Kelly and seconded by Mr. O'Hanley, the following vote was adopted:**

**VOTED: To approve the Public Session minutes for the meeting held October 24, 2016 as presented to the Board.**

**Voting in favor of the foregoing were: Jason Kelly, Michael F. McNally, George Nee, Donna M. Sams, Vanessa Toledo-Vickers, and Ronald O'Hanley.**

**Voting against the foregoing were: none.**

## **3. TO CONSIDER AWARDS TO APPLICANTS FOR INNOVATION VOUCHERS.**

**Ms. Kaplan entered the meeting at 4:15 p.m.**

**Ms. Smith stated that six (6) applications were before the Board for**

approval for innovation vouchers. She explained that for fiscal year 2017, the innovation voucher program was appropriated \$1.5 million, which was a threefold increase from first year appropriation of \$500,000. She explained that this year, the Corporation received thirty-one applications for innovation vouchers, which request almost the entire \$1.5 million budget. She stated that such demand demonstrates a need for the program's incentives. Ms. Smith provided a list of applicants to the Board.

Ms. Smith indicated that eighty four percent (84%) of applicants are small ventures, meaning that they have five (5) employees or fewer; and eighty percent (80%) of applicants are seeking innovation vouchers for prototype testing and validation. Mr. Early explained that the innovation vouchers program is largely driven by the private sector's need.

In response to a question by Ms. Toledo-Vickers, Ms. Smith explained that the Corporation has an internal team comprised of Mr. Saglio, Mr. Ash, Ms. Tanner, and Mr. Jennings who review the applications for innovation vouchers.

Mr. O'Hanley inquired whether a system existed to track the results of an award of an innovation voucher, to which Ms. Smith responded in the affirmative. She further indicated that and two recipients of innovation vouchers have filed progress reports that indicate that they are achieving their prototype testing goals and working closely

with their academic partners. Ms. Smith, by way of example, explained that one recipient of innovation vouchers was working closely with Roger Williams University in testing his calcium-based fertilizer in aquaculture applications.

Mr. Early explained that the recipients of innovation vouchers have different timelines associated with their respective projects. He indicated that the level of investment and feedback has been positive and stated that the Corporation will provide the Board with a broad overview of the program at a later meeting.

Upon motion duly made by Mr. O'Hanley and seconded by Ms. Toledo Vickers, the following vote was adopted:

**VOTED:** To approve the awards to applicants for Innovation Vouchers pursuant to the Resolution submitted to the Board.

Voting in favor of the foregoing were: Jason Kelly, Michael F. McNally, George Nee, Donna M. Sams, Vanessa Toledo-Vickers, Ronald O'Hanley, and Mary Jo Kaplan.

Voting against the foregoing were: none.

A copy of the Resolution is attached hereto as Exhibit B.

A copy of the PowerPoint presentation is attached hereto as Exhibit C.

#### **4. TO CONSIDER THE CITY OF NEWPORT FOR AN AWARD OF INCENTIVES UNDER THE REBUILD RHODE ISLAND TAX CREDIT PROGRAM.**

**The Governor explained that the City of Newport is applying for incentives under the Rebuild Rhode Island tax credit program and that the Corporation's staff has been working with Newport to create a mutually beneficial agreement.**

**Mr. Saglio explained that Newport is planning a \$7.1 million renovation of the Sheffield School, which has been vacant for ten years, which will create 27,000 square feet of co-work space. He elaborated that the space will consist of co-work space, long-term office space, maker space, and public event space. Mr. Saglio stated that Newport will contribute \$2.7 million in capital and provide bridge financing for the Corporation's Rebuild RI tax credits, all of which will be supplemented by a \$1.7 million EDA grant.**

**Mr. Saglio explained that the project has a \$1.9 million financing gap, which the Corporation proposes to fill with \$2.1 million in Rebuild Rhode Island tax credits. He also explained that Newport has low vacancy rates for office space and does not have co-work space despite its large population of entrepreneurs and 1099 workers. Mr. Saglio stated that Newport will work closely with WorkBar, a well-established company that offers co-work space in Boston,**

**Massachusetts. He indicated that the Corporation has conducted due diligence on WorkBar and that WorkBar has committed to assisting Newport with the launch of the Sheffield School. Mr. Saglio explained that as an affiliate of WorkBar, Newport will be permitted to utilize WorkBar's scheduling software, which will allow people to schedule work times at locations in Rhode Island and Massachusetts. Mr. Saglio indicated that Newport has already obtained a letter of intent from a company who wishes to lease one third (1/3) of the proposed traditional office space.**

**Mr. Saglio stated that the school building will be operated by a full time employee, or "community manager," who will be responsible for the building's day to day operations. He indicated that WorkBar has committed to offering training to the community manager, and will provide staff for the first two weeks of opening.**

**Mr. McNally expressed his excitement pertaining to the project and believes that it will be an impetus to development and job creation. Similarly, Ms. Toledo-Vickers expressed her approval, stating that there is nothing similar to it in the State, and that the co-work space will create opportunities for small business and entrepreneurs.**

**Upon motion duly made by Ms. Toledo-Vickers and seconded by Ms. Sams, the following vote was adopted:**

**VOTED: To approve the City of Newport for an award of incentives**

**under the Rebuild Rhode Island Tax Credit Act pursuant to the Resolution submitted to the Board.**

**Voting in favor of the foregoing were: Jason Kelly, Michael F. McNally, George Nee, Donna M. Sams, Vanessa Toledo-Vickers, Ronald O'Hanley, and Mary Jo Kaplan.**

**Voting against the foregoing were: none.**

**A copy of the Resolution is attached hereto as Exhibit D.**

## **5. TO CONSIDER APPROVAL OF A GRANT UNDER THE PTECH PROGRAM TO NORTH PROVIDENCE.**

**The Governor explained that the PTECH program is a program in which students of local high schools can achieve an associate's degree through the Community College of Rhode Island (CCRI) while attending high school. The Governor stated that PTECH program is currently comprised of three high schools that work collaboratively with local businesses. The Governor, by way of example, stated that Westerly High School is partnered with Electric Boat, and its student can receive an associate's degree and will have a high probability of employment at Electric Boat.**

**Mr. Sutton stated that last year the Board approved three (3) \$200,000 grants to three schools (Providence, Westerly, and Newport) as a part**

of the PTECH program. He indicated that among the three schools, PTECH hosts more than one hundred (100) students who are developing practical, workplace skills while working with their respective employer mentors. He explained that this upcoming summer, these students will enroll in classes at CCRI to receive their associate's degree.

As for fiscal year 2017, Mr. Sutton stated that PTECH has been awarded a \$1.2 million budget, which gives it the ability to support and fund an additional two (2) to three (3) schools. Mr. Sutton explained that before the Board for approval was the application of North Providence high school, which plans to create, through the PTECH program, healthcare career pathways for its students, specifically careers in health management, health informatics, and nursing. Mr. Sutton explained that such career pathways are within advanced and opportunity industries, and have been supported by Chartercare; Golden Crest Nursing Center; and Lifespan, who has pledged its support of North Providence's PTECH plans and has indicated that a demand exists for these careers.

Mr. McNally questioned when the funding of such programs will be absorbed by the school, to which Mr. Sutton responded that the PTECH schools need between one and one half (1 ½) to two (2) years of funding to sustain its programs before the school absorbs its costs.



**In response to a question by Ms. Toledo-Vickers, Mr. Sutton stated that a central tool to PTECH's success is the Prepare Rhode Island program.**

**Ms. Sams inquired as to how the schools will absorb the cost of the PTECH programs, to which Mr. Sutton responded that when the program draws more students, the school will be able to justify investing in administrators and dedicated resources.**

**The Governor commended the North Providence superintendent on her accomplishments and her garnered support from the town and local employers. The Governor indicated that the purpose of the PTECH program is to create high wage jobs for those who may not have the means to attend college. The Governor remarked on her positive interactions with PTECH students.**

**Upon motion duly made by Mr. Kelly and seconded by Mr. Nee, the following vote was adopted:**

**VOTED: To approve a grant under the PTECH program to the North Providence public school district pursuant to the Resolution submitted to the Board.**

**Voting in favor of the foregoing were: Jason Kelly, Michael F. McNally, George Nee, Donna M. Sams, Vanessa Toledo-Vickers, Ronald O'Hanley, and Mary Jo Kaplan.**

**Voting against the foregoing were: none.**

**A copy of the Resolution is attached hereto as Exhibit E.**

**6. TO RECEIVE AN UPDATE REGARDING THE CORPORATION'S PROGRAMS.**

**The Governor stated that the Corporation has been awarding incentives for roughly one year. The Governor explained that such incentives include (1) approximately \$50 million from the Rebuild Rhode Island tax credit program, which leverages hundreds of millions in outside capital and will result in an estimated 1300 construction jobs; and (2) approximately 500 new jobs are expected to be created under the awards to date under the Qualified Jobs tax credit program.**

**Mr. Early explained that the Rebuild Rhode Island tax credit program ("Rebuild"), to date, has granted \$45 million in tax credits over fifteen (15) separate transactions. He indicated that cumulatively, the fifteen (15) transactions are expected to yield 1.8 million square feet of development and \$400 million in capital being invested by outside sources. Mr. Early explained that 46% of the Rebuild transactions were for residential development, and now, from a strategic stand point, the Corporation will focus its investment of Rebuild funds in commercial development. Mr. Early estimated that upon disbursing**

**the entire \$100 million Rebuild fund pool, 50% of the projects will be residential and 50% will be commercial.**

**Mr. Early explained that the Qualified Jobs tax credit program, to date, has granted an estimated \$20 million in tax credits over nine (9) separate transactions. He indicated that cumulatively, the nine (9) transactions are expected yield 490 new jobs that have an average salary of \$62,000. Mr. Early stated that the 490 new jobs is comprised of sixty (60%) jobs created by companies currently in the state, and forty percent (40%) jobs created by companies who are relocating to Rhode Island from another state.**

**Mr. Early explained that the Innovation Grant program, to date, has deployed \$1.57 million to twenty four (24) applicants. He stated that the \$1.57 million awarded is 100% of the voucher funding for fiscal year 2016.**

**Mr. Early explained that the PTECH program, to date, has deployed \$1.2 million in funding, which is 100% of the funds available, to three (3) schools, and that the program accommodates 103 students. He also explained that the Wavemaker Fellowship program has committed ninety percent (90%) of its \$1.75 million in funds to 215 awardees; the average award being \$3,800 per student. Mr. Early stated that for fiscal year 2017, the Corporation plans to join two more schools to the PTECH program and to scale the Wavemaker program twofold. The Governor, in addressing the Wavemaker program,**

indicated that the Corporation needs to determine how it will better market the Wavemaker program on college campuses so that students know how to apply.

Mr. Early explained that the Small Business Assistance Program has a number of sub-programs that are either approved by the Board, stand along programs, or affiliate programs. By way of example, Mr. Early stated that the Small Business Loan Fund, which is subsidiary of the Corporation with its own board, has committed \$5.2 million over nineteen (19) transactions, which have created 600 jobs. He also indicated that the Renewable Energy Fund (“REF”) has deployed \$5.5 million in small scale project value and \$87.5 million in large-scale commercial project value over 238 transactions. Mr. Early stated that currently, the Corporation has a balance of \$3 million in the REF.

Mr. Early stated that the Corporation’s Client Services staff has supported 2300 small businesses, which indicates that the Corporation is routinely helping them with small-business needs. In response to a question by the Governor, Ms. Tanner stated that the most common calls to the Corporation’s Client Services relate to (1) access to capital, (2) understanding technical assistance programs, and (3) understanding who they should contact in order to open a business. Ms. Tanner indicated that forty-four percent (44%) of inquiries are from companies with five (5) employees or less, and ninety eight percent (98%) of inquiries are from companies that are two hundred fifty (250) employees or less.

**Mr. Early explained that the Corporation's goals moving forward are to: (1) add \$150 million in commercial development and deploy sixty percent (60%) of the Rebuild fund balance; (2) by the end of 2018, scale the Rebuild program to support \$750 million of private sector development; (3) have the Qualified Jobs program scaled up to 1500 jobs; (4) deploy \$2 million in Innovation grants; (4) scale the Wavemaker program by twofold; (5) add two PTECH sponsors to support 750 students; and (6) assist one hundred small businesses.**

**Ms. Sams expressed her approval of the success of the programs. Mr. O'Hanley suggested that the Corporation's website have the above information available in easy to understand terms.**

**A copy of the PowerPoint presentation is attached hereto as Exhibit F.**

## **7. TO CONSIDER AN AMENDMENT TO THE RENEWABLE ENERGY FUND REGULATIONS.**

**Mr. Early stated that the board was provided with and update to the rules and regulations to the REF, which he classified into three types of changes: (1) changes to the regulations to increase the flexibility in which REF can be utilized to invest in solar projects that incorporate added technologies as proven in the market; (2) change the composition of investment as the Corporation looks to invest in those**

technologies, such as small scale solar, transit oriented, or a number of other product types; and (3) changes to incorporate legislative updates that were incorporated, such as community solar, which makes solar available to low-income communities.

Upon motion duly made by Ms. Sams and seconded by Mr. O'Hanley, the following vote was adopted:

**VOTED:** To approve the amendment to the Renewable Energy Fund regulations, pursuant to the Resolution submitted to the Board.

Voting in favor of the foregoing were: Jason Kelly, Michael F. McNally, George Nee, Donna M. Sams, Vanessa Toledo-Vickers, Ronald O'Hanley, and Mary Jo Kaplan.

Voting against the foregoing were: none.

A copy of the Resolution is attached hereto as Exhibit G.

**8. TO CONSIDER THE SELECTION OF A VENDOR TO PERFORM WEBSITE DEVELOPMENT AND RELATED SERVICES.**

Mr. Wadensten entered the meeting at 5:04 p.m.

The Governor indicated that from a tourism perspective, this past summer was a great success. She noted that tourism, web traffic,

and hotel taxes had increased from the previous year. Ms. Salamano indicated that the Corporation's goal to grow tourism and drive new business to Rhode Island revolves around outcome-oriented strategies and the Corporation needs to quantitatively see and measure all aspects of its advertisements, social media, and website. Ms. Salamano recounted the publicity that the State received this past summer, including being featured in the Huffington Post, USA Today, and Parade, which resulted in over 400,000 impressions.

Ms. Salamano indicated that the State's social media accounts have increased its reach. By way of example, she stated that during a Facebook Live stream of a recent Waterfire, over 200,000 viewed the live stream. She also indicated that the State's Instagram account now has 18,000 followers, which constitutes a 4,000 increase from July. Ms. Salamano stated that 500,000 people have visited the State's website, and of those, eighty two percent (82%) are new visitors.

Ms. Salamano stated that the State's digital ads in its fall campaign had a click-through rate that was five times higher than the click-through rate of other digital ads. She expects the same result for the State's winter campaign, which will begin shortly. Ms. Salamano indicated that such numbers are indicative of peoples' desire to visit Rhode Island

Ms. Salamano indicated that the goals for the upcoming year are: (1)

bring more press to the State; (2) send the State's talent and leaders to other states to showcase Rhode Island; (3) have more press stories; (4) launch a State Snapchat account; (5) continue outdoor advertising; (6) seek requests for proposals for an advertising agency; (7) create a new advertising campaign; and (8) attend more events and trade missions.

Mr. Nee questioned whether Ms. Salamano had worked with the Convention Center Authority and whether the State has a presence in such advertisements, to which Ms. Salamano answered in the affirmative.

Ms. Kaplan indicated that she has worked with Ms. Salamano and commended Ms. Salamano on her achievements on behalf of the State.

Ms. Salamano stated that the State's current tourism website, [www.visitrhodeisland.com](http://www.visitrhodeisland.com), is seventeen years old and does not have the necessary metrics to measure the effect of tourism on the state. She explained that the current website does not collect consumer data, analytical tools, social integration, a CMS system, and image library, among other things. Ms. Salamano stated that to revamp the current website, the Corporation sought and received thirteen Requests for Proposals from qualified vendors. Ms. Salamano indicated that she believed Simpleview to be the best vendor to create a new tourism website for the State because Simpleview



**serves over 400 Destination Marketing Organizations, including Providence and Newport. Ms. Salamano explained that a Simpleview created website will allow staff to collect data about users of the website.**

**Upon motion duly made by Ms. Toledo-Vickers and seconded by Mr. O'Hanley, the following vote was adopted:**

**VOTED: To approve the selection of a vendor to perform website development and related services, pursuant to the Resolution submitted to the Board.**

**Voting in favor of the foregoing were: Jason Kelly, Michael F. McNally, George Nee, Donna M. Sams, Vanessa Toledo-Vickers, Ronald O'Hanley, Mary Jo Kaplan, and Karl Wadensten.**

**Voting against the foregoing were: none.**

**A copy of the Resolution is attached hereto as Exhibit H.**

**A copy of the PowerPoint presentation is attached hereto as Exhibit I.**

**9. TO CONSIDER THE SELECTION OF A VENDOR TO PERFORM ECONOMIC IMPACT ANALYSIS SERVICES IN RELATION TO TOURISM.**

**Ms. Salamano explained that the Corporation issued a Request for Proposal to vendors for an economic impact study of tourism on the State's economy. She stated that two vendors submitted proposals, and due to its reputation and its price of \$50,000, she recommended Tourism Economics, LLC for approval to the Board.**

**In response to a question by Mr. Wadensten, Ms. Salamano indicated that an economic impact study should be conducted annually so that the Corporation has a benchmark in assessing the impact of its marketing through its website and social media. Mr. Early agreed with Ms. Salamano.**

**Upon motion duly made by Mr. Nee and seconded by Ms. Sams, the following vote was adopted:**

**VOTED: To approve the selection of a vendor to perform economic impact analysis services in relation to tourism pursuant to the Resolution submitted to the Board.**

**Voting in favor of the foregoing were: Jason Kelly, Michael F. McNally, George Nee, Donna M. Sams, Vanessa Toledo-Vickers, Ronald O'Hanley, Mary Jo Kaplan, and Karl Wadensten.**

**Voting against the foregoing were: none.**

**A copy of the Resolution is attached hereto as Exhibit J.**

**10. TO CONSIDER LITIGATION ISSUES IN RELATION TO 38 STUDIOS, LLC AND THE APPROVAL OF EXECUTIVE SESSION MEETING MINUTES FOR AUGUST 10, 2016 AND AUGUST 22, 2016.**

**Upon motion duly made by Mr. O'Hanley and seconded by Mr. Kelly, the following vote was adopted:**

**VOTED: To enter into executive session to consider litigation issues in relation to 38 Studios, LLC and the approval of executive session meeting minutes for August 10, 2016 and August 22, 2016 pursuant to RI Gen. Laws §§ 42-46-5(a)(7) and 42-46-5(a)(2).**

**Voting in favor of the foregoing were: Jason Kelly, Michael F. McNally, George Nee, Donna M. Sams, Vanessa Toledo-Vickers, Ronald O'Hanley, Mary Jo Kaplan, and Karl Wadensten.**

**Voting against the foregoing were: none.**

**Members of the Board, staff, and counsel entered into executive session at 5:20 p.m.**

**Members of the Board, staff, and counsel returned to public session at 5:55 p.m.**

**Upon entering public session, Thomas Carlotto, counsel for the**

**corporation, reported that the Board has unanimously voted to keep the votes taken in executive session confidential pursuant to R.I. Gen. Laws § 42-46-4(b).**

**There being no further business in Public Session, the meeting was adjourned by unanimous consent at 5:56 p.m., upon motion made by Mr. O'Hanley and seconded by Mr. Wadensten.**

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**Thomas Carlotto, Secretary**